

Brian Calls For Ban on Congressional Insider Trading (July 13, 2009)

Washington,

DC - Insider trading should be illegal on Capitol Hill. While that might seem like common sense to some, there is currently no legislation that prohibits Members of Congress or their staffs from enriching their portfolios with the nonpublic information they are able to glean from their day to day jobs.

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DC - Insider trading should be illegal on Capitol Hill. While that might seem like common sense to some, there is currently no legislation that prohibits Members of Congress or their staffs from enriching their portfolios with the nonpublic information they are able to glean from their day to day jobs. Today, Congresswoman Louise M. Slaughter (D-NY-28) and Congressman Brian Baird (D-WA-03) took an important step to closing this loophole by testifying before the House Financial Services Committee about their legislation: the Stop Trading on Congressional Knowledge (STOCK) Act. When passed, the bill will make Members of Congress and their staffs subject to the same regulations that the general public is subject to.

"Members of Congress and their staffs should not be above the law when it comes to profiting from sensitive information. The American people expect their public servants to represent their interests, not fatten their stock portfolios," said Congressman Baird. "The STOCK Act is an important step to restore integrity and public trust in two institutions that badly need it: the financial industry and Congress."

"This bill is about transparency and fairness," Slaughter said. "As it stands today, neither Members of Congress nor their staff can be held legally accountable for making personal investment decisions based on non-public information. This bill changes that by opening those individuals up to be included under insider trading rules."

Watch Brian's testimony

BACKGROUND

The temptation exists for Members and government employees to use government information which only they have access to when they make investment decisions. Currently there are few strings restraining

those with privileged access from benefiting personally from non-public wisdom. If passed, the STOCK Act will prohibit Members of Congress and their staff from using nonpublic information they are able to obtain through their official positions to enrich their personal portfolios.

Provisions of the STOCK Act:

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Prohibits
Members or employees of Congress from buying or selling stocks, bonds, or commodities futures based on nonpublic information they obtain because of their status;
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Prohibits
Executive Branch employees from buying or selling stocks, bonds or commodities futures based on nonpublic information they obtain because of their status;
- .
Prohibits
those outside Congress from buying or selling stocks, bonds, or commodities futures based on nonpublic information obtained from within Congress or the Executive Branch;
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Prohibits Members
and employees from disclosing any non-public information about any pending or prospective legislative action obtained from a member or employee of Congress for investment purposes;
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Requires
Members of Congress and employees to report the purchase, sale or exchange of any stock, bond, or commodities future transaction in excess of \$1,000 within 90 days. Members and employees who choose to place their stock in holdings in blind trusts or mutual funds would be exempt from the reporting requirement;
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Requires
firms that specialize in "political intelligence" and obtain their information directly from Congress to register with the House and Senate, and to disclose much like lobbying firms are now required to do. Political intelligence firms first appeared in the 1970s, but the industry remains relatively unknown because the firms are currently not required to disclose their clients or their earnings."

More information on the Stop
Trading On Congressional Knowledge Act can be found at the House Financial
Services Website: <http://www.house.gov/financialservices/>

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